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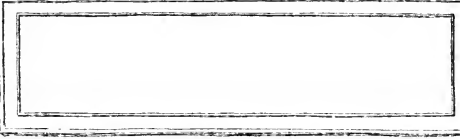


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Franklin P. Nutting



MITCHELL WAGON COMPANY

RACINE, WISCONSIN

OFFICE OF THE PRESIDENT

MARTIN J. GILLEN

A simple and practical remedy for establishing the base cost and the profits of American Producers and Supplies of war goods to the Government, with the considerations which control cost and profit. Drawn from actual experience had in furnishing war supplies to the Allies and from actual operating conditions existing in manufacturing and supplying in this country. Under the application of the remedies set forth herein this Nation will save hundreds of millions of dollars annually and at the same time, with justice and fairness to all, help stabilize and keep normal the economic conditions in this country.

This Plan is respectfully submitted in the hope that it will draw forth from the Executive Officers of this Government; from the **members** of the National Council of Defense; of the Advisory Board and their sub-committees; of the General Staff of the Army; of the Quartermaster's Department; from the Governors and the members of the State Councils of Defense; our Editors, Business Men, Farmers and Working Men, such publicity and **welcome** criticism to the writer to the end that its principles may be strengthened or modified for the benefit of our Government, and that the suggestions and criticisms may avail in presenting to the National Council of Defense and Advisory Board the best thought of this Nation on this subject to the end that justice may be done to the Nation, to the Producer and Supplier, and to the one hundred ten millions of men, women and children living in domestic life in this Nation.

MARTIN J. GILLEN.

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Racine, Wis., May 14th, 1917.

To the National Council of Defense;
Advisory Board;
Quartermaster's Department of the Army and Navy; and
American Business Men:

The writer fully appreciates the great burden that has been thrown upon the National Council of Defense, its Advisory Board and the Quartermaster's Department of the Army and Navy within the last thirty days by the sudden declaration of war and the great unpreparedness of this country, and that it will take some months to perfect their organizations to accomplish telling results in supplying the Army, Navy and our Allies; that the actual conditions under which the above bodies are now laboring have forced them to reach out and get supplies where most available with the least loss of time, and that they have not had the opportunity to command uniformity in their price establishment. Thus anything that is said in this communication is not critical. The writer has only the highest commendation for the magnificent and effective work done by the National Council of Defense; the Quartermaster's Department of the Army and Navy, and by the Advisory Board and its Committees to date.

CONSIDERATIONS BEARING ON THE ESTABLISHMENT OF PRICES.

THE FIRST CONSIDERATION in establishing the price which the government should pay for its and the Allies war supplies is a price sufficient in amount that will not impede the most rapid production of goods to meet governmental requirements, at a fair profit to the producer with the thought ever uppermost that the government and Allies should be treated as the most favored customer of the producer or supplier.

THE SECOND CONSIDERATION is the careful placing of all orders by the government in each producing or supplying group so as not to upset the economic conditions surrounding (a) each group of war supply producers, (b) their employees, (c) the price of raw material used, and (d) economic saving of transportation.

As an illustration: The placing of orders for shoes: At the time of the breaking out of the war we were supplying shoes for one hundred ten millions of men, women and children and a certain amount for export. By the call to arms the country will be compelled to produce for the above, which includes the three million which will eventually be called out who will possibly use four to five times as many shoes as were used in domestic life by them.

If they use five times, the increased national production of shoes will be somewhere about twelve per cent of the normal production, but it will be along the lines of the heavy shoes that are manufactured within the shoe group, to which possibly 75 per cent of the machinery now in use in the country can be adapted, which means that the increase of production if placed uniformly over the entire shoe group of this country on the above 75 per cent basis would mean a national increase of about 16 per cent.

This, of course, is not practical in all cases but in a very large way it can be applied in the shoe group across this country in those large economic belts where the soldiers are being mobilized and where many of them will be held in camps for a very long period.

Take the City of Milwaukee where, I am informed, a short time ago a war order for 60,000 pairs of shoes had been placed with a moderate sized shoe factory while there are about fifteen other shoe factories in that city that could have taken their production of 4,000 pairs apiece, assuming they have the same production capacity. The increased production to each of the five would not be large; it would not upset the shoe labor market in that city, nor cause a general increase in the price of manufacturing shoes in that market and equally so across the United States. In a word, all shoes which can be made across the United States in the big economic belts should be made there and as close to the leather markets, near the packing houses and big tanneries; and the increased production will be so small that it will not upset economic conditions surrounding each paid Group and much money will be saved. Consideration, of course, must be given to the great producing centers of shoes, such as about Boston, St. Louis, Cincinnati and like centers, which provide great quantities of shoes for their surrounding economic belts. The increased price caused by the abnormal changes made by placing the orders with a few rather than all members of the group drives up the general cost of shoes for the one hundred ten millions of men, women and children beyond normal increases.

Another illustration: Take wagons; assume that for the next twelve months the government will require about seventy thousand units. A preliminary order for eight thousand was at hand two weeks ago. There are about ten big wagon factories besides those of the southeastern states. The army specifications have already been standardized to meet the factory tool equipment and the raw material markets of this country. The placing of the wagon orders with two or three, or possibly four, of the big wagon companies would cause those companies to go out into the open market for raw material besides the stocks they have at hand and will compel them to buy in many instances from the yards of the other wagon manufacturers. Prices will shoot up overnight. Normally the wagon manufacturers of this country produce 250,000 wagons and nearly every wagon company can build the army wagon under the standardized specifications.

A large amount of useless transportation on raw stock and on the shipping of the finished product to far removed points and increased prices not only to the government, but to the farmers who use annually 250,000 wagons will occur, and thus the wagon group would not have its economic conditions materially changed when the orders are spread over the group—The increased production could be absorbed without such marked economic changes. The writer appreciates there will be many instances where this cannot be applied but is suggesting the principles so that they may be applied where possible.

THE THIRD CONSIDERATION is the establishment of a committee on specifications and information, whose duty it is to immediately notify the units in each group with (a) the rules under which inspection of goods is made; the method of cancellation of orders; payments, supply of raw material, etc., and (b) a brief but technical description of the specifications and requirements, immediate and for the year, of the government in that particular group spread across the country, and have on file in at least eight of the principal Quartermasters Departments across the country a copy of the specifications and blueprints of the things required by the government which do not disclose any of the secrets of manufacturing which they wish to withhold. During the placing of orders for the first year and a half by the French, English and Russian Governments in this country, the following conditions caused the Allies to pay very heavy and unnecessary exactions in the way of profits:

First: The failure of the French, British and Russian Governments to publicly and directly so arrange that the American producers could get and keep in touch in this country with their duly authorized buying commissioners, together with a brief description of their specifications and the amounts required. Because of this failure on their part they were forced to purchase in a very limited market. The policy of the French Commission developed finally into buying from only two sources of supplies within a given group of manufacturers or suppliers, which caused them to pay profits from thirty to one hundred percent. The British Government later corrected this condition in a limited degree, as did the French, by buying through J. P. Morgan & Company, but even thereafter their orders were placed in a very limited field because they were mostly placed as near the eastern coast as possible in order to save transportation charges. The result however was a small saving in freight but excessive profits totaling many times the freight bill.

Second: The French, British and Russian Governments required impractical guarantees on their goods similar to the ones employed by our Government before this war when it was purchasing for thirty thousand troops in a limited market which it had created through the arbitrary specifications of the Army and Navy. The early guarantee of the Allies was so rigid and so out of harmony with the customs of guarantees prevailing in this country in the big American market that many high grade manufacturers did not take any orders and those that did added a good sized percentage to their cost so as not to have a loss.

The remedy for this is to have inspectors who have been trained in each line of goods that is purchased, inspect supplies (a) while they are being manufactured and (b) when finished and before shipped. War use is the hardest use goods can be put to and no manufacturer can reasonably be expected to guarantee them without being protected, for in the ultimate, the government must pay for the goods it requires, of the kind it specifies working under actual war conditions. The perils to goods in war conditions are so unlike those under peace conditions that this risk should be taken over by the government—. It should be furnished with honest and well made goods and it should get this through its inspectors before the goods are shipped. BY ASSUMING THIS RISK THE GOVERNMENT SAVES MILLIONS OF DOLLARS, FOR IF IT DOES NOT ACCEPT THIS RISK IT MUST PAY THE MANUFACTURER FOR CARRYING IT, AND SINCE IT IS OF SUCH A DOUBTFUL NATURE THE MANUFACTURER WILL TRY TO FIX A PERCENTAGE THAT WILL FULLY PROTECT HIM. Then too under the remedy provided below all opportunity, desire and incentive to cheat and defraud is removed.

I am informed that on the war supplies furnished by the American manufacturers the French, British and Russian Governments did not have occasion to insist on collection but in few instances, and thus the American manufacturers received an additional profit to the extent of the percentage for guaranteeing protection that they added to their goods and in general it would work out the same with our own government. Fraud in manufacturing goods should be sternly punished by imprisonment and heavy confiscatory fines.

Third: The fear of the cessation of hostilities or the change of war needs by the Allies added another contingent liability which each manufacturer charged to the Allies in a percentage on its goods. Our government should agree to stand all loss to the suppliers and manufacturers upon orders duly given in case of the cessation of war in the change of orders given by the government under some equitable and businesslike arrangement that can

readily be furnished. Unless this is done reasonably and equitably the manufacturer and supplier must add additional charges to protect him from loss in this regard. Again in the ultimate, whatever loss must be taken from these causes, must be assumed by the Government.

In open, hard competition among seven competitors on a certain war order for France (in which the writer was personally interested), the above elements caused the American manufacturers who were bidding to so price their goods that the French Government was compelled to pay for a certain order of goods that cost the manufacturer \$112,000.00—the sum of \$216,000.00 or a profit of \$104,000.00, which was almost one hundred per cent of the cost price.

All of the above elements of doubtful liability to the manufacturer and supplier can be easily eliminated by our government with a tremendous saving to it.

THE FOURTH CONSIDERATION goes to the merits of the varying amounts or percentages of profit to the producers or suppliers from the standpoint of justice to our government and the economic welfare not only of the men who sell to the government but to the nation at large as it is affected.

Under this section each class must be treated differently in the amount of percentage of profit allowed:

First Class: (a) Those Groups of manufacturers or suppliers who do wholly a domestic business and as a Group furnish the needs for the 110,000,000 men, women and children of this country and take on a percentage of war business in their particular lines or similar lines to which their machinery can be adapted, like shoes, clothing, wagons, woolen, cotton and other fabric manufacturers, harness making, motor truck and its accessory plants, lumber, machinery, foundries, meats, food stuffs, etc.

(b) The great Groups of producers and suppliers for the domestic needs in arts, sciences and commerce of natural products coming from the mines and wells, such as metals, minerals and oils, who take on additional orders for war.

(c) The great Groups of producers and suppliers of raw materials, such as leather, lumber, steel, cotton, wool, etc., who supply the domestic needs of the Government and are now called to furnish supplies to manufacturers who accept large war orders for the Government.

Second Class: Those manufacturers who are and have been in the exclusive business of manufacturing war supplies.

Third Class: The suppliers and producers of natural products of which there is a limited supply and which require investments which will be of little value after the war is over.

Fourth Class: Those producers or suppliers who are compelled to build new plants and make new investments to take care of new army, navy or national needs of which there is not an ample supply in this county—a good example is ship building.

THE FIFTH CONSIDERATION: The American manufacturers and suppliers should give to the government the same degree of material patriotism that is required of the enlisted and drafted men and women for army, navy and federal services. The profits granted to them should not permit of the cry "Pocketbook Patriotism" nor should there be created the opportunity for the so-called "War Brides" from unusual profits.

The American business man has been given the opportunity to show his patriotism for the country in as large a manner as he could ask. The banking and investment houses of this country patriotically, for a number of weeks before the war loan was put out, stopped their vast and expensive organizations from placing before the public new offerings and then turned their entire organizations from one end of this country to the other to aid in handling the seven billion dollar loan without cost to the government. They fall within the First Class under Consideration Four above, for they will make their profits out of the domestic banking transactions for which their companies and their organizations were builded.

Another illustration is that of the Chicago packers who furnished the preliminary order for shoe leather to the Government at a modified price as to delivery, so as to expedite the early need of army shoes. They fall within the First Class under Consideration Four above.

Another illustration is that which appeared in the advertisement of the Bethlehem Steel Company a few months ago, where they made an offer to the government to furnish supplies at cost plus, as I now remember, either five or six per cent profit. They too fall somewhat within the First Class under the Fourth Consideration above, but since the war has started it looks as though they have or will move largely into the Second Class under Consideration Four above.

Many other illustrations of the truly patriotic business man are at hand. It is the manufacturing and supplying "slacker" that the Government must be protected against.

THE SIXTH CONSIDERATION: Every American manufacturer and supplier engaged in domestic business, who is so fortunate as to be within the group which receives war orders from the government, will during the war receive a portion of his factory overhead expenses and a profit much in the nature of governmental insurance or subsidy, while (as has been the case with England, France and Germany) a large percentage of the balance of the manufacturers and suppliers in this country will be forced to limit their activities and some of them will be absolutely prescribed so as not to use labor and material which is necessary and which must be diverted to war purposes. One can readily understand how our Government must quickly and sternly divert, for instance, steel products and their accessories from domestic uses to war purposes for making munitions; machinery and equipment for railroads, for farm implement purposes, and the like—at whatever economic sacrifice to the other less fortunate Groups. Thus the burden falls on the latter class to carry their business through war times without governmental aid and under heavy restriction. In England there is today a list of over fifty occupations, trades, businesses and groups in which men from eighteen to fifty-six years are not allowed to be employed. In that class too their wants for raw materials and supplies are made secondary to the needs of the Government, which in itself is a very hard and distressing burden. It must also be kept in mind that the agricultural classes, the war suppliers and labor generally will not be cut in price or injured in their groups and occupations.

This being so, they should not unduly profit on the supplies they furnish to our Government and the Allies to whom we are furnishing the sinews of war, while their less fortunate fellow manufacturers and suppliers are being unduly limited by conditions over which neither they nor the Government have control. It makes no difference whether the burdens of prescription and limitation come by fiat of law or indirectly by the orders of the Government placed in its efforts to take care of its war needs of its citizens. The great moral fact of justice remains that this must not be a war of profit,

and prices must be curbed and kept as normal as is possible during the economic changes that the country is now passing through.

REMEDY OR APPLICATION OF PRINCIPLES TO THE ABOVE CONSIDERATIONS IN ORDER TO ESTABLISH THE PRICE OUR GOVERNMENT SHOULD PAY FOR ITS WAR MATERIALS AND THE PROFIT TO BE ALLOWED TO THE MEMBERS OF THE CLASSES SET FORTH IN CONSIDERATION FOUR.

REMEDY ONE:

Under the First Class set forth in the Fourth Consideration on page seven, the Government should pay the manufacturer's or supplier's cost plus five per cent profit. Each of the manufacturers and suppliers of the three divisions of that Class should furnish to the Government a statement of his costs as taken from his cost records under the oath of the President, Treasurer and the man in charge of his Cost Department. In that statement there should appear (a) the actual cost of the raw material going into the manufactured article with the freight, handling and carrying charges set forth which constitutes the cost of his raw material. (b) The estimated direct labor to be expended on the order. (c) The estimated overhead containing such items as power, insurance, taxes, depreciation, repairs, general factory expense, pattern expense and such labor overhead expenss as have been customary according to the records of the books and files of the different groups of manufacturers and suppliers. These items will constitute the cost basis upon which the percentage of profit is to be given. At the termination of the contract with the Government the supplier or manufacturer will furnish under oath of its President, Treasurer and Cost Man a statement showing the actual cost of labor, material and overhead itemized by the same method and comparable with the submitted preliminary estimate. If the cost has been less the Government shall have an advantage by way of a rebate—if it has been more the Government shall pay the additional charge to the manufacturer or supplier. The contract shall be made with the supplier on the basis of his preliminary estimated cost and his payment shall be made on that basis subject to the final adjustment. Under any plan that may be determined the Government will, as it does now, pay all of the above items constituting the manufacturer's costs.

The manufacturers and suppliers in this country operate their business on that basis and know the estimated cost of their business operations; in a word, all of the above items constituting cost are susceptible of being clearly defined by each supplier.

The banks of this country do not loan money to manufacturers and suppliers unless they have proper cost systems by which the annual operations of their business can be determined. Edward N. Hurley, Chairman of the Federal Trade Commission, on July 1, 1916, issued for the benefit of small companies a pamphlet entitled "Fundamentals of a Cost System for Manufacturers." It followed the system which has for all practical purposes been in operation for years everywhere in this country, so there can be no excuse for any supplier or manufacturer failing to provide the Government with actual costs.

THEN TOO OUR GOVERNMENT COLLECTS EVERY DOLLAR OF ITS FEDERAL INCOME TAX FROM MANUFACTURERS AND SUPPLIERS ON THE ABOVE BASIS. FOR AT THE END OF EACH FISCAL YEAR UNDER LAW THE GOVERNMENT ACCEPTS THE SWORN STATEMENT OF THE OFFICERS OF EACH CORPORATION AND FIRM OF THIS COUNTRY AS TO ITS ANNUAL BUSINESS OPERATIONS SO AS TO ESTABLISH THE AMOUNT OF PROFIT UPON WHICH THE INCOME TAX IS LEVIED. ALTHOUGH THE FEDERAL INCOME TAX WILL BE GREATLY INCREASED THIS YEAR, THE SAME METHOD OF COLLECTION WILL CONTINUE.

The Government has in its employ expert accountants whose duty it is to inspect the book records of the various firms and corporations of the United States to see that they are not avoiding the Federal Income Tax under their method of bookkeeping. Then too the corporations and suppliers of this country are mostly stock corporations and they are compelled to make a proper showing to their stockholders, and this in itself is a corrective at all times to keep their cost accounting and other accounting in a sound condition—in a word, the Government will be absolutely protected in entering into such contracts.

The writer in the last three years has operated one contract under this method where millions of dollars worth of business has been done without any difficulty and in a far more satisfactory way than on the straight price contract basis.

Because of the billions of dollars that will be expended by the Government to manufacturers and suppliers, it is necessary to have absolute protection. Therefore, a strong committee of practical men with large viewpoint and special experience in contract work should be appointed by the Advisory Board. On that committee place such a man as Major C. C. Jamieson, a graduate of West Point; many years connected with the Rock Island Arsenal, and later for many years with John Deere & Company of Moline, Illinois, and for the last two years an expert for some of the largest corporations of this country in that particular work, and now recalled to the colors. **SELECT ONE OR TWO BIG MEN FROM THE LARGE CERTIFIED ACCOUNTING HOUSES OF THE CLASS OF ARTHUR YOUNG & COMPANY; PRICE, WATERHOUSE & COMPANY; HASKINS & SELLS OR LIKE COMPANIES, AND EMPLOY FOR THE AID OF THAT COMMITTEE PARTS OF THE STAFF OF THOSE BIG PUBLIC CERTIFIED ACCOUNTING HOUSES OF THIS COUNTRY WHOSE DUTY IT SHALL BE TO CHECK FROM TIME TO TIME THE RECORDS OF THE MANUFACTURERS AND SUPPLIERS OF WAR MATERIAL.** The firm of Arthur Young & Company was employed by the British Government to maintain a large staff in the firm of J. P. Morgan & Company checking their war orders and also in charge of the Curtis Aeroplane contracts for the English Government. Men of this class have been engaged in this country for years on accounting work and especially on checking up costs, **AND WITH THIS AID TO THE GOVERNMENT THERE CAN BE BROUGHT A CERTAINTY WHICH WILL PROTECT AGAINST ANY SCANDAL IN THE BUYING OF WAR SUPPLIES IN THIS COUNTRY.**

Under this class the Government so far as it is able buys—(a) its direct supplies (such as food stuffs for the Army) and (b) all lumber, leather, cotton goods, rubber, iron, steel and things of like nature and delivers them to the manufacturers of war supplies so that the "Pocketbook Patriots" among the raw material suppliers—like the lumber brokers have demonstrated themselves to be within the last twenty days—cannot force high prices for the raw material that goes into the manufactured articles, at a great profit to them, while the manufacturers and suppliers are patriotically building for the Government at reasonable prices. For example: The day after the wagon manufacturers met at Jeffersonville, Indiana, a few weeks ago to bid on an order of eight thousand army wagons, the price of poplar box boards went up ten dollars a thousand; while on the day following the adjournment of the Wagon Group in Chicago on last Wednesday, May 9th, after the lumber brokers had received notification of a Government order for about sixty thousand units, the major portion of which was lumber, they shot up the prices for lumber on the particular things needed from sixty dollars to ninety a thousand feet. There was no reason for this, for the base costs in the lumber on May 10th was the same as on May 9th. Thus the Government

should buy the large basic raw materials necessary for its supplies from which the manufacturers can draw.

The Second Class under Consideration Four, namely, the manufacturers who are and have been in the exclusive business of manufacturing war supplies and whose entire investment is in that business should be treated with greater consideration than those in the First Class, for it is the means by which their investment is sustained. The members of that Group should be compelled likewise to present their sworn statement of costs and then should be permitted to receive from eight to ten per cent profit on their sales, which should be ample in war times. or this percentage on their sales which have or will greatly increase in volume, will give a very substantial profit on the capital invested. Yet under this class reasonableness should be exercised so that in every case a definite and fair profit will occur to the capital invested. Under this Class would come the ship yards already established and in operation in this country.

The Third Class, to-wit: the suppliers and producers of natural products such as metals, minerals and objects of like nature, of which there is a very limited source of supply in this country and which requires investments which will be of little value after the war, and the Fourth Class above, to-wit: those producers or suppliers who are compelled to build new plants and make new investments to take care of the new Army, Navy or National needs, of which there is not an ample supply in this country, such as additional ship building—present temporary difficulties. The French and Russian Governments met those difficulties in this country by advancing a percentage of the cost to the manufacturers and suppliers to build additional buildings and equipment: then allowed them to put a sufficient profit on the goods to take care of the entire investment in addition to the profit that was allowed, so that the manufacturers or suppliers could scrap the entire buildings and equipment at the termination of the war orders with total loss to the French or Russian Government and to such a profit as the manufacturer or supplier as he could get out of the buildings and equipment. Because of the inability of those governments to properly protect themselves in cases like this heavy exactions were made from them.

The following suggestions are offered in this regard:

1. The Government may furnish the additional money necessary for the immediate added requirements of production, and after the war maintain its proprietary interest to the extent of its investment or sell its interest on a reasonable basis, less depreciation, to the owners of the properties, at a price fixed in the contract at the time that the money is invested by the Government, with the right in the Government to offer it at public sale at a higher price at the conclusion of the war, so that in arranging for the depreciation that will occur if the owner of the property who is benefited is not injured to the extent that he thinks he is going to be injured, the Government has a right to sell on the public market for its own protection. The Government should guarantee the capital invested in this Class, but should not be mulched or penalized.

2. The Government might take over the entire plant and equipment, where there is a shortage furnish the money for the additional buildings and equipment and after the war own and maintain those industries even if they have to keep them closed or permit after the war the renting of those buildings and equipment to private manufacturers on public bid, so there may not be a loss to the Government while holding them for future purposes.

3. In event the Government furnishes the money to a manufacturer or supplier for additional equipment the Government should receive three and

one-half per cent interest on its money, which should be deducted from the profits of the manufacturer, who will operate under the cost plus profit, as set forth in Classes One and Two in Consideration Four.

4. In order to induce capital to invest on behalf of the Nation under Classes Three and Four and take the risk of the future, the Government should allow a rate of profit that will net from twelve to fifteen per cent on the additional money invested.

5. Where the Government and Allies' needs deplete the natural supply of natural products a fair value should be added to cost before profit is taken. In a word, the depletion value which goes to make the value of the raw material.

Frequently in the last thirty days bankers of note and business men have suggested that in order to maintain prosperity in this country large profits should be allowed to munition makers (1) in order that the Government may receive large taxes from them and (2) in order to maintain "business as usual." In this regard it might be wise to point out that the very purpose of increasing our Federal Taxes is to get money to pay the Nation's war budget and it is quite unwise to increase the Nation's obligations further by way of excessive profits to pay its debts, for by that means you are increasing its debt to a greater extent than you are collecting it. Under the second suggestion of "business as usual" the more you increase the profits of the war suppliers and manufacturers the more you upset the normal economic conditions of the country. In the base cost of all the Government supplies lies the great dominant item of labor cost, which is higher today than it has ever been, without its purchasing power having increased proportionately to the benefit of the laboring and consuming classes, a situation which is due to the abnormal conditions that have been created through the Middle Men and Brokers of this country such as speculators in food, lumber, leather, and Middle Men handling food stuffs. Increased wages to the laboring men increases terrifically the cost of goods to our Government as well as to our Allies and increases rapidly our national debt without benefiting any one.

REMEDY TWO:

The business policy of the big commercial life of this Nation has turned from peaceful pursuits to a war basis, and the large economic changes due to this fact are now appearing. In order to stabilize conditions surrounding business, agriculture and labor so that normal conditions may obtain as far as possible **PASS THE PRESENT LAW IN CONGRESS GIVING ABSOLUTE POWER TO THE FEDERAL GOVERNMENT TO ESTABLISH A COMMISSION TO CONTROL ALL INDUSTRIES IN THE UNITED STATES, ALL PRICES AND ALL FOOD AND FUEL.** While the economic law of supply and demand in normal times controls prices—that great law has not caused the terrific increase in the cost of living which has and will become a crushing burden to the men, women and children of this country under present conditions. Unless power is granted as above we might just as well pay ten dollars a bushel for potatoes and twenty dollars a barrel for flour. Only a certain definite number of bushels of potatoes, wheat and other food products was raised last year. The base cost of raising and marketing these products was determined before the war was declared and the excess additions are due entirely to manipulation.

Thus today the patriotic American consumer who is devoting his time and energy preparing for war has no protection for himself, his wife and his children against the "Pocketbook Patriots," designing speculators and crafty brokers who, unrestrained in this country, are upsetting the normal conditions of domestic life for our men, women and children to the ultimate injury of our national cause.

Respectfully submitted,

MARTIN J. GILLEN

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